

STATE OF NEVADA

GAMING CONTROL BOARD



MINIMUM INTERNAL CONTROL STANDARDS

Note: When adopted in 1997, these standards applied to both Group I and Group II licensees. In February 2000, the Nevada Gaming Commission amended the definition of “Group II licensee” and revised Regulation 6.090 to require that Group II licensees (i.e., redefined as those licensees with annual gross gaming revenues of less than \$3 million) follow Internal Control Procedures rather than the Minimum Internal Control Standards. Therefore, although these standards make numerous references to Group II licensees, these standards no longer apply to such licensees – they only apply to those licensees with annual gross gaming revenues of \$3 million or more. References to Group II licensees will be deleted with the next formal revision of the Minimum Internal Control Standards.

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FOR GROUP I AND GROUP II LICENSEES

ENTERTAINMENT

Entertainment Sales Controls

1. All sales in areas subject to casino entertainment tax are recorded in such a manner as to be readily identifiable by individual sale, in total, and by area for applicable periods of entertainment status.
2. All sales are identifiable by type (i.e., taxable, nontaxable and complimentary).
3. Internal cash register tape/information is inaccessible to bartenders/cashiers (e.g., keys are maintained by an individual independent of these functions).
4. All cash register overrings or admission ticket voids require the authorization and verification of the shift supervisor or another individual independent of the transaction.
5. All food, beverage, and admission complimentarys require the authorization of appropriate personnel.
6. The computation of cash proceeds for each bartender/cashier is documented, verified, and signed by at least two employees.
7. The bartenders'/cashiers' banks are reconciled to the entertainment sales with an investigation being performed into large cash overages or shortages.
8. Show admission tickets are safeguarded, and appropriate procedures are employed in the distribution, use and control of same.

Package Programs

9. If package programs and/or discount show tickets are used, the following documentation is maintained:
 - a. Copies of the package programs, discount show tickets, fliers, and price breakdowns.
Note: For licensees that elect to pay casino entertainment tax on retail, price breakdowns are not required for package programs.
 - b. Effective dates of the above items.
 - c. Number of packages/tickets sold by type.
 - d. Retail price of each item in the packages (a reasonable monthly estimate/average will be acceptable).

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Accounting Standards

10. The dates and time periods during which taxable entertainment is provided are documented.
Note: The above information may be documented by a department other than accounting.
11. Entertainment contracts, if used, are reviewed and reconciled to the periods during which entertainment sales are made.
Note: A reconciliation is not necessary for locations with a consistent and routine showroom/lounge entertainment schedule which is documented and retained.
12. If less than 2,750 tickets are sold for an event and the event is determined to be nontaxable, records are maintained supporting the nontaxable status.
13. For licensees that report entertainment revenue based on admission tickets redeemed, records are maintained that reconcile show admission ticket sales to redeemed tickets, by type of ticket.
14. Food and beverage summaries are reviewed to verify the propriety of complimentary charges.
15. Recording procedures for entertainment sales (see Standard #1) are monitored for correctness at least monthly by someone independent of those procedures.
Note: This standard does not apply to Group II licensees.
16. All entertainment period sales, including complimentarys, are summarized and posted to the accounting records.
17. For locations with non-computerized entertainment sales systems, all cash register tapes are reviewed to ensure the register was totaled/subtotaled properly.
18. For each entertainment area, at least annually accounting personnel foot individual sales subject to casino entertainment tax (i.e., on the cash register tape or the computerized system transaction report) and trace the total to the total on the tape/system. Any variances are documented and maintained.
Note: Board approved software may be used to perform this standard.
19. Documentation (e.g., a log, checklist, etc.) is maintained evidencing the performance of all entertainment accounting standards.